

**VISA EXECUTIVE WORKING GROUP (EWG)
MEETING MINUTES, 16 MAY 2002**

1. NOTICE: The Executive Working Group (EWG) was organized by the National Defense Transportation Association (NDTA) Sealift Committee in March 1995, and consists primarily of representatives from the Department of Defense (DOD), the Department of Transportation (DOT) and the transportation industry. Industry representatives on the EWG are selected by Mr. James Henry, Chairman of the NDTA Sealift Committee (telephone (301) 423-3335). The purpose of the EWG is to study transportation issues of interest to government and industry and report the status of these issues to the NDTA membership. The EWG is a forum for the exchange of information. DOD officials participating in the EWG may not transfer any authority or responsibility for government decisions to industry or to the industry members of the EWG. By making the minutes of EWG meetings available electronically, DOD, DOT, and the NDTA promote other forums for the exchange of information. DOD invites interested parties to comment on issues considered at EWG meetings, to provide additional information, or to request further information. The DOD point of contact is MAJ Todd Robbins, who can be contacted by e-mail *todd.robbins@hq.transcom.mil*, telephone (618) 229-1529, fax (618) 256-6877, or by mail: USTRANSCOM, ATTN: TCJ5-AS (MAJ Todd Robbins), 508 Scott Drive, Scott Air Force Base, Illinois, 62225-5357. Interested parties also may contact the NDTA through Mr. James Henry [telephone (301) 423-3335], the DOT through Mr. James Caponiti [telephone (202) 366-5400], or any industry member of the EWG. Industry members of the EWG are (in alphabetical order):

<u>Name</u>	<u>Organization</u>	<u>Telephone</u>
Mr. Lawrence Cosgriff	APL	(202) 496-2480
Mr. Edward Fortunato	Crowley Maritime Corp.	(703) 684-3132
Mr. Michael Garvin	Matson Navigation Company	(415) 957-4200
Mr. Kenneth Gaulden	Maersk - SeaLand	(703) 351-9200
Mr. Steve Gill	American Roll-on Roll-off Carriers	(201) 307-1626
Mr. Ans Kristbergs	Farrell Lines, Inc.	(201) 896-8979
Mr. J. Robert Leyh	Waterman Steamship	(202) 659-3804
Mr. Augie Tellez	Seafarers International Union	(301) 889-0675
Mr. James Wachtel	Lykes Lines Limited	(813) 276-4698

2. The agenda for this EWG by VTC is at Attachment 1.

3. The list of EWG attendees is at Attachment 2.

4. The updated list of tasks from the EWG is shown at Attachment 3.

5. MEETING SUMMARY.

a. Opening Remarks.

(1) LTG Brown (USTRANSCOM) welcomed the meeting participants. He introduced the new labor representative to the EWG, Mr. Augie Tellez from the Seafarers International Union.

b. MSP/Mariner Update.

(1) Mr. Caponiti (MARAD) briefed on the status of MSP and provided an update on the Mariner Manning study. On MSP, there has been little progress. Existing administrative issues continue to slow progress. Mr. Caponiti discussed an eight-point MARAD plan for improving mariner manning that is under review.

c. USC-04 Integrated Process Team (IPT) Update

- (1) Mr. Craig Robinson (MTMC) briefed on the USC-04 Improvement (IPT). He addressed the government's input to the USC – 04 process improvement team.
 - APR 19 Meeting - Identified Strategic Objectives
 - Multiple Year Contracts
 - Best Value Evaluation Process
 - Streamlining the Acquisition
 - May 6 – 9 Meeting
 - Reached consensus on streamlined rate structure
 - Began discussions on refining meaningful evaluation criteria
 - Next Meeting 21 – 23 May at Ft. Belvoir
 - Discuss best value evaluation process
 - Discuss various approaches to establishing minimum cargo commitments
 - Discuss further solicitation streamlining relating to proposal submission
 - June 18 - 19 Meeting
 - Resolve any outstanding issues
 - Address any comments received on the draft solicitation
- (2) Mr. Ken Gaulden (Maersk) and Mr. Mike Garvin (Matson) expressed their concern that not all government customers were properly represented in the IPT. Mr. Robinson stated that all government customers are briefed on the meeting's precedures through periodic contact with them and that they are represented by MTMC. LTG Brown stated that Mr. Robinson is running the IPT and that he is the point of contact for all customers and industry. He is confident that Mr. Robinson will involve all parties and interests in the IPT. Mr. Robinson will maintain contact with LTG Brown and provide him with periodic updates.
- (3) Mr. Steven Gill (American Roll-On Roll-Off Carriers) commented on multiple divergent industry issues. A letter providing more detail of these issues is provided in Attachment 4.

d. Contract Timeline Review

- (1) Ms. Gail Jorgenson (USTRANSCOM) briefed the contract timeline. There was general concern for keeping the VCC and DCC on schedule. The understanding is that the issue is shipping data and that this should not hold up the contracts. She noted that the ideas that have been generated in the Fast Improvement Team (FIT) would be presented at the next EWG.

e. NDTA Military Sealift Committee Meeting Update

- (1) Mr. Rick Haynes (MSC) provided a brief on the recent (2 May 02) NDTA Military Sealift Committee Meeting. Action is being taken by Ms. Anne Dougherty (MSC) to prepare a meeting summary document and will have it out to all EWG members. Mr. Haynes also provided highlights on the issues addressed in the meeting which included: the current state of the U.S. shipping industry, EUSC (not a discreet fleet, little control, and issues about foreign mariner), Oberstar Bill (mariner taxes and other issues), MSP (a major focus), tanker shortfall, cargo preference (leakage) and coastwise trade (Jones Act).
- (2) Mr. Caponiti (MARAD) noted that he made an incorrect statement concerning EUSC manning and North Korean crews. He apologized for the error related to data collection coding.

f. EWG Recognition

(1) LTG Brown thanked everyone for attending the meeting.

g. Review the Taskers. See Attachment 3.

h. Review/Amend EWG Schedule.

(1) Current schedule shows the following dates:

(2) EWG meeting on 20 June 02

20 Jun 02	VTC (NOTE: Changed from 16 May meeting)	16 Jan 03
18 Jul 02	Scott AFB (NOTE: Changed from 16 May meeting)	20 Mar 03
15 Aug 02	TBD	15 May 03
19 Sep 02	VTC (Tentative)	17 Jul 03
17 October 02	TBD	18 Sep 03
14 Nov 02	VTC (Tentative)	20 Nov 03
12 Dec 02	TBD	05 Jan 04

i. Friction Points/Issues.

(1) None

j. Rate the EWG Meeting. Ratings: 9.00 9.00 9.00 8.5

k. Closing Remarks.

(1) LTG Brown thanked the VISA EWG members for their attendance.

6. Point of contact for updates or corrections to these minutes is MAJ Todd Robbins at (618) 229-1529, fax (618) 256-6877, e-mail: todd.robbsins@hq.transcom.mil

Attachments:

1. EWG Agenda
2. EWG Attendees
3. Tasker list from EWG
4. Letter from American Roll-On Roll-Off Carriers

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16 MAY 2002**

AGENDA

<u>Time</u>	<u>Topic</u>	<u>POC</u>
1330	Opening Remarks	DCINC
	MSP Update	MARAD
	Mariner Update	MARAD
	Integrated Process Team (IPT) Update	MTMC
	Contract Timeline Review - VEC Process Improvement Update	TCJ3/4-LQ
	Recap of NDTA Military Sealift Committee Meeting	MSC
1515	Review/Amend EWG Schedule - Review EWG Taskers - Friction Points - Rate the Meeting	Mr. McMillin
1525	Closing Remarks	DCINC
1530	Meeting Adjourns	

ATTENDEES FOR 16 MAY 2002 EWG MEETING

LTG Daniel Brown	USTRANSCOM/TCDC
Brig Gen James Swanson (Jim)	USTRANSCOM JA
Mr. Dan McMillin (Dan)	USTRANSCOM J5-V
Mr. James Caponiti (Jim)	MARAD
Mr. Owen Doherty (Owen)	MARAD
Mr. Rick Haynes (Rick)	MSC
Mr. James Fischer (Jim)	MSC
Mr. John Henry (John)	MSC
Mr. Craig Robertson (Craig)	MTMC
Mr. Ray Jones	MTMC
Mr. Greg Ircink (Greg)	MTMC
Mr. Kenneth Gaulden (Ken)	Maersk Line Ltd.
Mr. Lawrence Cosgriff (Lary)	American President Lines, Ltd.
Mr. Steve Gill	American Roll-On Roll-Off Carrier, LLC
Mr. Edward Fortunato (Ed)	Crowley Logistics
Mr. Michael Garvin (Mike)	Matson Navigation Company
Mr. James Madden (Jim)	Farrell Lines / P&O Nedlloyd
Mr. Bob Leyh (Bob)	Waterman Steamship Corporation
Mr. James Wachtel (Jim)	Lykes Lines Limited, LLC
Mr. Augie Tellez (Augie)	SIU
Mr. Dave Dias (Dave)	USTRANSCOM J5-A
Ms. Gail Jorgenson (Gail)	USTRANSCOM J3/4 - LQ
Mr. Lary Mohl (Lary)	USTRANSCOM JA
CDR Humberto Quantanilla (Burt)	USTRANSCOM J5-AS
Mr. Kenneth Mills (Ken)	USTRANSCOM J5-AS
MAJ Todd Robbins (Todd)	USTRANSCOM J5-AS
Mr. John Boysha (John)	Stanley Associates
Ms. Jeannine Kenyon	Stanley Associates

TASKERS FROM 16 MAY 2002 EWG

TASK

ECD

None



American Roll-On Roll-Off Carrier

Stephen M. Gill
Vice President, Marketing & Pricing

85 Chestnut Ridge Road • Montvale, NJ 07645

May 22, 2002

Mr. Kenneth Mills
USTRANSCOM
508 Scott Drive
Scott AFB, IL 62225-5357

Dear Ken,

The following is basically a recap of what I delivered at the Thursday, May 16, 2002, EWG Meeting:

There are several issues I would like to discuss with you today regarding the development of the USC-04 contract and I thought it might be helpful if I outline for you some of my concerns.

As the USC-04 contract is being developed in the IPT and the NDTA EWG, ARC feels the role of MTMC is becoming marginalized and eventually will be ineffective. As we understand it, the proposal is that shippers, not MTMC, make best value determination; that contractual minimums be eliminated or minimized; and that shippers book direct, not subject to MTMC guidelines or effective oversight.

The net result of the above is that MTMC will lose control of the cargo and the carriers and will, therefore, be unable to achieve many of its objectives such as improved transparency, speed of transportation and reduced RDD's.

ARC believes MTMC will be less able to manage and control the overall DTS, and forfeit control of cargo preference to shippers who have historically shown strong antipathy to the cargo preference laws of the United States. If shippers conduct direct booking with few, or perhaps no MTMC guidelines and little, if any, MTMC oversight, MTMC's contract and MTMC itself become irrelevant.

ARC understands that there is a strong push for a multi-year contract. Our concern here is that this limits opportunity for carriers to offer expanded and new services. It correspondingly limits choice, service capability and increased competition for MTMC.

Frankly, we also have concern that the dominant carrier will be tempted to aggressively bid the contract, secure the business for multiple years, and effectively drive smaller U.S. Flag Carriers out of business.

Administratively, there is little, if any, difference between a multi-year contract, with annual rate refreshment, and a one-year contract.

ATTACHMENT 4

We are of the opinion that a one-year contract is more beneficial to MTMC and the U.S. Flag industry.

Ken, if you have any questions, please reach out to me.

Regards,

Stephen M. Gill
Vice President, Marketing & Pricing

SMG:mm

ATTACHMENT 4